

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A REVIEW OF THE RATES AND CHARGES)	
AND INCENTIVE REGULATION PLAN OF)	CASE NO. 90-256
SOUTH CENTRAL BELL TELEPHONE COMPANY)	

O R D E R

On November 1, 1993, South Central Bell Telephone Company ("South Central Bell") filed schedules for the November 1993 Point-of-Test pursuant to its Incentive Regulation Plan ("the Plan"). On November 16, 1993, an amendment to the schedules was filed. On November 17, 1993, AT&T Communications of the South Central States, Inc. ("AT&T") filed a motion objecting to South Central Bell's point-of-test filings, and on November 22, 1993, South Central Bell filed its response to AT&T's motion. The Commission, having reviewed these filings, finds as follows:

South Central Bell's point-of-test schedules, as filed November 1, reflect a revenue decrease of \$130,000. As amended on November 16, 1993, the reduction is \$389,000. These amounts were derived by including an adjustment in the schedules that is not within the terms of the Plan. South Central Bell included this adjustment due to certain reporting errors made by GTE Kentucky, Inc. ("GTE") from March 1992 through June 1993. As a result of the GTE errors, SCB has over-reported earnings in the previous three points-of-test and, consequently, has overstated required rate reductions on those occasions. The over-reductions claimed by South Central Bell are approximately \$2 million. South Central

Bell claims that its proposed schedules will restore conditions to their proper status. In its filing of November 22, 1993, South Central Bell argues that its filing is appropriate under the Force Majeure clause of the Plan. The Commission finds that this event is not within the scope of the Force Majeure clause and that South Central Bell should therefore refile its point-of-test schedules in proper form, i.e., excluding the GTE adjustment. Therefore, South Central Bell's November 1 filing including the proposed tariffs is rejected.

Currently the amounts and the effects of the GTE reporting errors are unestablished. Therefore, an investigation should be undertaken to determine 1) the amount of the GTE reporting errors 2) the nature and extent of South Central Bell's obligation to make refunds to GTE, and 3) the appropriate reconciliation of any billing errors with point-of-test adjustments. A procedural schedule for this investigation is attached as Appendix A.

AT&T's motion is granted with the exception that South Central Bell need not presently file tariffs reflecting its proper point-of-test schedules. All intervenors shall be allowed to participate fully in the investigation of the GTE reporting errors.

The Commission, being otherwise sufficiently advised, HEREBY ORDERS that:

1. South Central Bell's November 1, 1993 filing, including the proposed tariffs, is hereby rejected. South Central Bell shall file, within 10 days of the date of this Order, revised point-of-

test schedules 1 and 2 in conformity with the requirements of the Plan.


2. An investigation of the GTE reporting errors under this docket is hereby initiated.

3. AT&T's motion is granted except as noted.


4. The procedural schedule in Appendix A is hereby adopted for the investigation of the GTE reporting errors.

Done at Frankfort, Kentucky, this 1st day of December, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-256 DATED DECEMBER 1, 1993.

SCB and GTE shall file comments and exhibits fully
describing GTE reporting errors due.....12/15/93
Data requests to South Central Bell and GTE due.....01/07/94
Responses to data requests due.....01/21/94
AT&T and other Intervenors shall file comments due.....02/04/94
Any request for Informal Conference shall be due.....02/18/94